# U.S. Army Materiel Command

## FY04 Maintenance Production

9 February 2004

# Why Are We Here?

**FY04 Prod Exec is Part of BRAC 2005**

- ***We remain at war and soldiers return to war NLT annually***
- ***Our production commitments must be met to ensure our soldiers are trained equipped and ready***
  - **Secondary items to support operations, materiel readiness, soldier/unit training, and Reset**
  - **Reset the force in consonance with DA Op Plans**
  - **Other OMA is as critical as Reset OMA since Reserve Comps now make up 60% of deployed operational strength**
  - **Commitment to interservice agreements must be met since they are fighting the same war**
- ***Commitments made… we would meet all objectives and timelines***
- ***Production/Execution does not presently support these goals***

# Our Commitment

- ***Meet customer schedules***
- ***Production/Execution Revenue of $3B / 17.4M DLHs***
  - **$12.4M BES**
  - **$ 5.0M Reset + increase via**

| Direct Labor Hours (in thousands) | |
|---|---|
| | TOTAL |
| Overtime | 930.3 |
| Second Shift | 534.7 |
| Contract Field Teams | 1,676.9 |
| Work Share Initiatives | 337.0 |
| Civilian employees | 1084.9 |
| Process Improvements/ LEAN savings | 479.0 |
| **Total** | **5,042.8** |

- ***Maintain FY03 Production Momentum***
- ***Achieve FY04 carryout not greater than $770.1M***
- ***Complete Production on FY03 carry in above BES amount $524.8M***

# FY04 Plans and Execution

($ in Millions)

| | Original Reset Budget Plan (OCT 03) | FY04 Reassessment | 31 Dec Actuals |
|---|---|---|---|
| Revenue | $3,074.2 | $2,677.9 | $485.1 |
| New Orders | $2,708.9 | $2,562.7 | $1,307.2 |
| Reset | ($503.3) | ($241.4) | ($37.0) |
| SMA | ($920.2) | $1,084.7 | ($915.2) |
| All Other | ($1,285.4) | $1,236.5 | ($355.0) |
| DLHs (M) | 17.4 | 15.6 | 3.3 |
| Civilian | (12.0) | (14.2) | (3.0) |
| Other | (5.4) | (1.4) | (0.3) |
| CarryOut | $770.1 | $909.8 | |
| CarryOut Ceiling | -$84.1 | +$64.1 | |

**Now 148.2 Over Commitment**

## *Immediate Concerns*

- ***New Orders down***
- ***Revenue decreasing at a rate greater than new orders***
- ***DLHs not on plan***
- ***Production carry out exceeds commitment and ceiling***
- ***Idle funds obligated with no production payback***

# Looking Further

## Production

| | Sept FY03 | Average Oct-Dec FY04 | Difference |
|---|---|---|---|
| Total revenue generated | $266.9 | $161.7 | $106.9 |
| Total DLHs generated (incl. CFTs) | 1183.2 | 1088.4 | -94.8 |

Lost production momentum we were going to build upon

## Personnel

| | BES + Reset Plan | ACTUAL |
|---|---|---|
| ~~End Strengths (incl. term/temps)~~ | ~~12,160.0~~ | ~~11,704.0~~ |
| CFTs (DLHs in K) | 2,118.9 | 281.6 |
| Overtime target (DLHs) | 2,048.5 | 468.3 |
| Process improvements/ LEAN savings DLHs* | 479.0 | ?? |
| DLHs | 17,400.0 | 2,984.0 |

*BES did not have DLHs only $s

Not on track to meet production goals

## Revenue

| | |
|---|---|
| Cumulative revenue through Dec 03 | $485.1 |
| Average monthly revenue through Dec 03 | $161.7 |
| Target (base program w/ Reset & GWOT) | $3,074.2 |
| Revenue needed for remainder of FY04 | $2,589.1 |
| Required average monthly revenue to meet target | $287.7 |
| **Percent production increase needed** | **77.9%** |

Without right sized workforce cannot earn required revenue

## New Orders

| | Revised |
|---|---|
| Revised New Orders | $2,562.8 |
| Percent allowed carryover | 33% |
| Amount allowed carryover | $845.7 |
| Amount planned carryover | $909.8 |
| **Amount over ceiling** | **$64.1** |

Instead of -84.1M
New plan +64.1M
or **$148.2M** change from commitment

# What This Means

- ***We are not getting ahead of the power curve to accommodate late inductions of Reset***
- ***We appear to have no imperative to get the work done.***
- ***Risk losing FY04 & FY05 funds***
  - **Base Program**
  - **Supplemental**
- ***AMC losing credibility with decision makers.***

***Real Loser: Nation and Warfighter***

# Lack of Production in Depot Contributes to Parts Shortages

## (How One Business Affects Another)

## DM . . .

| | |
|---|---|
| *SMA FY03 Carryover:* | *$ 187.1M* |
| *SMA FY04 New Orders:* | *$ 950.1M* |
| *FY04 DM Production thru Jan 04* | *$ 203.1M* |
| *SMA Current Unfilled* | *$934.1M* |

**Why?**
- Insufficient Personnel?
- Lack of Carcasses?
- Lack of Piece Parts?
- End-Item work took priority?

## SMA...

- *Insufficient assets to meet warfighter requirements*
- *Without assets can't generate Sales*
- *Without sales can't earn OA*
- *Without OA – No Parts*
- *Degrades readiness*

**Back Orders**

| | |
|---|---|
| FY02 | $ 1.346B |
| FY03 | $ 2.680B |

**Unserviceables**

| | IND | Not IND |
|---|---|---|
| FY02 | $ 0.126B | $1.443B |
| FY03 | $ 0.226B | $1.638B |

## *Consider . . .*

- **How are deliveries monitored?**
- **Is priority placed on backorders that will generate immediate SMA sales?**

Data as of Jan 04

# Unit Level Backorders

## FORSCOM

- **AC**
  - ✓ **AMC $471.7M**
  - ✓ **DLA 68.5M**
  - ✓ **Other 4.6M**

  **Total $544.8M**

*Mission Dollars Obligated by Units. Amount Does Not Include ASL Replenishments*

- **USAR**
  - ✓ **AMC $343.5M**
  - ✓ **DLA 62.2M**
  - ✓ **Other 2.1M**

  **Total $407.8M**

- **ARNG**
  - ✓ **AMC $294.1M**
  - ✓ **DLA 22.2M**
  - ✓ **Other .6M**

  **Total $316.9M**

**Total: $1,269.5B**

# M1A1 READINESS DRIVERS

**FORSCOM**
**BASELINE: 525**

| UNIT | # Reported | FMC Rate |
|---|---|---|
| FORSCOM Total | 146 | 89% |
| 11 ACR | 14 | 76% |
| 3ID | 132 | 91% |

| NOMEN | TRACK SHOE | ELECT-MAG RELAY | ARM ASSY | XMSN | OIL PUMP | SPROCKET WHEEL | ELEC SWITCH | RELAY ASSY | HYD OIL TANK | POW SUPP CNTL | ENGINE | HPDU |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SOS | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM |
| RO | 516,493 | 440 | 1,107 | 338 | 773 | 8,764 | 1,044 | 631 | 329 | 297 | 962 | 126 |
| BACKORDERS (TOTAL) | 146,746 | 59 | 206 | 2 | 96 | 984 | 114 | 434 | 95 | 44 | 13 | 32 |
| BACKORDERS (NMCS) | 42,942 | 16 | 5 | 0 | 0 | 0 | 3 | 23 | 5 | 0 | 6 | 5 |
| AMD | 30,052 | 7 | 48 | 30 | 55 | 289 | 10 | 35 | 10 | 9 | 52 | 6 |
| SERVICEABLE O/H | 6,410 | 0 | 0 | 137 | 73 | 1,443 | 2 | 146 | 5 | 0 | 133 | 4 |
| UNSERVICEABLE O/H | 0 | 0 | 0 | 285 | 63 | 0 | 60 | 0 | 27 | 16 | 150 | 12 |
| DI - PROCUREMENT | 510,000 | 550 | 2,838 | 0 | 984 | 6,302 | 650 | 492 | 222 | 311 | 0 | 97 |
| DI - MAINTENANCE | 0 | 0 | 988 | 437 | 537 | 0 | 0 | 308 | 129 | 9 | 1,400 | 12 |
| RECEIPTS 6 MONTHS | 280,000 | 100 | 1,598 | 251 | 371 | 5,142 | 107 | 642 | 60 | 111 | 616 | 43 |
| RECEIPTS 12 MONTHS | 510,000 | 450 | 3,068 | 551 | 1,199 | 6,302 | 142 | 800 | 222 | 200 | 1,400 | 85 |

# M2/M3 READINESS DRIVERS

| | UNIT | M2 Reported | M2 FMC | M3 Reported | M3 FMC |
|---|---|---|---|---|---|
| FORSCOM | FORSCOM Total | 444 | 81% | 54 | 100% |
| M2 BASELINE: 877 | 1 CAV | 172 | 96% | 40 | 100% |
| M3 BASELINE: 222 | 3ID | 272 | 72% | 0 | N/A |
| | 11 ACR | 0 | N/A | 14 | 99% |

| NOMEN | HYD XMSN | TRACK | TACT DISP | SAU INT CARD | SENSOR ASSY UNIT | GIMBAL ASSY | Target Station Cntl Panel | Switch Reg | Ciruit Card Assy | Fan Assy | Roadwheel | Circuit Breaker Box |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SOS | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM |
| RO | 60 | 578,862 | 117 | 96 | 107 | 82 | 41 | 256 | 251 | 355 | 80,075 | 178 |
| BACKORDERS (TOTAL) | 16 | 137,881 | 42 | 15 | 62 | 16 | 7 | 237 | 144 | 99 | 7,728 | 30 |
| BACKORDERS (NMCS) | 7 | 32,761 | 0 | 0 | 17 | 1 | 0 | 24 | 30 | 0 | 878 | 0 |
| AMD | 8 | 29,507 | 5 | 2 | 4 | 3 | 1 | 14 | 12 | 12 | 3,332 | 7 |
| SERVICEABLE O/H | 0 | 0 | 9 | 10 | 1 | 0 | 4 | 19 | 58 | 22 | 0 | 18 |
| UNSERVICEABLE O/H | 2 | 49,509 | 13 | 9 | 10 | 0 | 6 | 35 | 30 | 6 | 1,522 | 14 |
| DI - PROCUREMENT | 0 | 564,542 | 126 | 108 | 79 | 28 | 36 | 250 | 0 | 395 | 32,346 | 221 |
| DI - MAINTENANCE | 147 | 84,112 | 0 | 0 | 0 | 10 | 13 | 34 | 40 | 30 | 17,780 | 12 |
| RECEIPTS 6 MONTHS | 72 | 440,000 | 106 | 13 | 18 | 15 | 10 | 34 | 70 | 115 | 31,400 | 10 |

# HEMTT READINESS DRIVERS

| UNIT | # Reported | FMC Rate |
|---|---|---|
| FORSCOM Total | 1567 | 85% |
| 3ID | 369 | 87% |
| XVIII ABC (-3ID) | 211 | 79% |
| III CORPS | 530 | 90% |

**FORSCOM BASELINE: 3,498**

| NOMEN | Engine | XMSN | Brake Shoe | Hose Assy | Fuel Nozzle | Super - charger | Radiat or | Hyd Manifo ld | Cylinder | Cable Kit | Junction Box | Cyl Assy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SOS | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM | TACOM |
| RO | 1,064 | 281 | 1,736 | 1,355 | 1,803 | 153 | 491 | 66 | 324 | 4,924 | 33 | 91 |
| BACKORDERS (TOTAL) | 135 | 0 | 0 | 9 | 9 | 50 | 0 | 0 | 0 | 372 | 0 | 33 |
| BACKORDERS (NMCS) | 0 | 0 | 0 | 0 | 0 | 34 | 0 | 0 | 0 | 0 | 0 | 11 |
| AMD | 97 | 39 | 119 | 99 | 157 | 13 | 45 | 3 | 28 | 268 | 5 | 15 |
| SERVICEABLE O/H | 63 | 323 | 1,538 | 1,139 | 522 | 0 | 141 | 67 | 109 | 175 | 13 | 22 |
| UNSERVICEABLE O/H | 171 | 385 | 0 | 0 | 0 | 3 | 0 | 13 | 94 | 0 | 10 | 128 |
| DI - PROCUREMENT | 511 | 0 | 800 | 1,950 | 2,975 | 141 | 800 | 75 | 214 | 4,113 | 60 | 182 |
| DI - MAINTENANCE | 1,034 | 589 | 0 | 0 | 0 | 0 | 0 | 0 | 165 | 0 | 0 | 73 |
| RECEIPTS 6 MONTHS | 722 | 321 | 800 | 700 | 1,235 | 141 | 800 | 75 | 379 | 2,500 | 60 | 255 |
| RECEIPTS 12 MONTHS | 1,544 | 589 | 1,200 | 1,950 | 2,975 | 320 | 800 | 75 | 379 | 4,113 | 108 | 255 |
| CURRENT | | | | | | | | | | | | |
| | | | | | | | | | | | | |

# CH-47D READINESS DRIVERS

**FORSCOM**
**BASELINE: 80**

| UNIT | # Reported | FMC Rate |
|---|---|---|
| FORSCOM Total | 43 | 37% |
| 101st AASLT | 15 | 12% |
| B & C, 159 AVN | 28 | |

| NOMEN | Forward Rotor Head | Aft Rotor Head | Aft Rotary Blade | Hollow Pin | Flutter Dampener |
|---|---|---|---|---|---|
| SOS | AMCOM | AMCOM | AMCOM | AMCOM | AMCOM |
| RO | 9 | 18 | 34 | 52 | 49 |
| BACKORDERS (TOTAL) | 70 | 109 | 96 | 404 | 163 |
| BACKORDERS (NMCS) | 30 | 46 | 44 | 147 | 54 |
| AMD | 6.5 | 11 | 11 | 30 | 30 |
| SERVICEABLE O/H | 8 | 5 | 35 | 26 | 32 |
| UNSERVICEABLE O/H | 144 | 82 | 26 | 353 | 322 |
| DI - PROCUREMENT | 26 | 80 | 125 | 750 | 146 |
| DI - MAINTENANCE | 65 | 97 | 17 | 50 | 30 |
| RECEIPTS 6 MONTHS | 80 | 138 | 47 | 500 | 76 |
| RECEIPTS 12 MONTHS | | | | | |
| CURRENT | | | | | |
| 6 MONTHS | | | | | |
| 12 MONTHS | | | | | |
| PROJ GET WELL DATE | Sep-04 | Sep-05 | Jun-04 | Jul-04 | Aug-04 |

# UH-60 READINESS DRIVERS

| UNIT | # Reported | FMC Rate | UNIT | # Reported | FMC Rate |
|---|---|---|---|---|---|
| FORSCOM Total | 156 | 56% | 13 COSCOM | 29 | 26% |
| 3ID | 14 | 40% | 1 CAV | 16 | 77% |
| 82 ABN | 14 | 53% | 1-158 (III Corps) | 8 | 58% |
| 10 MTN | 19 | 83% | 1 COSCOM | 13 | 42% |

FORSCOM BASELINE: 390

| NOMEN | Servo Assembly | Rotary Wing Blade | Rotary Head Spindle | Spindle Bearing Assy | Main Rotor Blade |
|---|---|---|---|---|---|
| SOS | AMCOM | AMCOM | AMCOM | AMCOM | AMCOM |
| RO | 86 | 99 | 143 | 121 | 128 |
| BACKORDERS (TOTAL) | 658 | 602 | 1,151 | 413 | 648 |
| BACKORDERS (NMCS) | 206 | 178 | 378 | 146 | 189 |
| AMD | 131 | 119 | 179 | 86 | 152 |
| SERVICEABLE O/H | 0 | 0 | 0 | 0 | 0 |
| UNSERVICEABLE O/H | 72 | 59 | 1,058 | 213 | 20 |
| DI - PROCUREMENT | 1,585 | 2,156 | 4,480 | 1,044 | 1,881 |
| DI - MAINTENANCE | 509 | 355 | 1,300 | 60 | 976 |
| RECEIPTS 6 MONTHS | 570 | 306 | 836 | 942 | 580 |
| RECEIPTS 12 MONTHS | | | | | |
| CURRENT | | | | | |
| 6 MONTHS | | | | | |
| 12 MONTHS | | | | | |
| PROJ GET WELL DATE | Jul-05 | Jun-05 | Feb-05 | Jul-04 | Dec-05 |

# What Do We Need To Do

- ***Meet your Oct 03 commitment with either organic or commercial production…but meet it***
  - ✓ **Increase Organic Production**
  - ✓ **Increase productive direct labor hours**
    - Hiring
    - Increasing overtime
    - Adding shifts
  - ✓ **Execute**
    - Maximum organic base awaiting Reset work
    - Maximum AWCF-SMA with emphasis on workload to fill back orders
  - ✓ **Increase workload to contract**

***MSC Dep CG's and AMC Dep G3 /G8 to personally serve as Production Czars to meet these goals***

# Follow-On Reviews

- ***11 Feb – AMCOM***
- ***17 Feb – TACOM***
- ***18 Feb - CECOM***

**Submit Recovery plan**

- ***1 Mar – TACOM (at ANAD)***
- ***9 Mar – CECOM (at TYAD)***
- ***TBD Mar – AMCOM (at CCAD)***

- ***5-6 Apr – Program Review (at Richmond)***